

To: Susan Shanks and Toby LaFrance, City of Tigard

Date: December 16, 2013

From: Todd Chase, FCS GROUP

CC: Derek Chisholm, Otak

RE: Funding Considerations for River Terrace ala a “North Bethany Funding Scenario”

INTRODUCTION

This document identifies River Terrace funding options available to Tigard and Washington County if there is a funding approach that is similar to that being used for North Bethany. The purpose of this memorandum is to provide input for discussion by city staff, elected officials and interested stakeholders prior to the formulation of a locally preferred financing and funding strategy.

NORTH BETHANY FUNDING SOURCES

Brought into the Metro Urban Growth Boundary in 2002 (along with West Cooper Mountain), North Bethany is a 691-acre land area that is planned to accommodate between 3,800 and 4,700 homes over the next 30 years. In addition to up to 10,000 residents, the North Bethany concept plan includes a Main Street area, neighborhood commercial centers, and several parks and trails.

After a few years of litigation over the UGB decision and Beaverton’s decision not to pursue annexation of North Bethany, Washington County took over the planning process in 2005. Washington County then led the Concept Planning process and coordinated with Metro and state agencies and service providers—including Clean Water Services; Tualatin Valley Fire & Rescue; Tualatin Valley Water District; and Tualatin Hills Park and Recreation District.

North Bethany Transportation Funding

Providing adequate transportation facilities became the largest capital funding challenge for North Bethany. Draft capital cost estimates in 2009 included \$289 million in transportation projects, including \$103 million for on-site arterials and \$186 million for off-site improvements.¹

After refining the transportation facilities plans and cost estimates, the Washington County commission approved an approximately \$69 million North Bethany Funding Strategy, with an additional \$18 million in unspecified funding for a total of \$87 million for 14 specific projects. See Attachment A.

Key elements and programs within the North Bethany Funding Strategy are summarized in **Exhibit 1**.

¹ Amounts cited in presentation by Washington County staff titled: *North Bethany: Planning and Funding Growth in Washington County*, Oregon Land Conservation and Development, October 2, 2009.

Exhibit 1

North Bethany Transportation Funding Summary

	Capital Funding Expected	Funding Basis	Project Focus	Source/Notes
Supplemental SDC	\$22,466,756	SDCs from \$3,810 (townhome) to \$6,222 per SFD	Capital cost share of 12 major roads; portion of \$69M	Source: WA County staff report, Exhibit A, 10/20/2010
Transportation Development Tax (TDT)	\$21,778,574	TDT from \$3,976 (townhome) to \$6,665 per SFD	Capital cost share of up to 9 major roads; portion of up to \$64M	Source: IBID.
County Service District or Local Improvement District(s)	\$13,354,670	CSD = \$1.25 per \$1,000 AV in district	Capital cost share of up to 12 major roads; portion of \$69M	Source: IBID. CSD likely to generate about \$4.1 million and LIDs about \$9.3 million over 25 years (based on Exhibit A, Note 6)
MSTIP 3 (Major Streets Transportation Improvement Program)	\$10,000,000	Funding now allocated thru WA County Gen. Fund	Capital cost share on 5 major roads; portion of \$26M	Source: IBID.
Trust & Agency Agreements (existing)	\$1,400,000	Prior agreements with 3 adjacent major developers/prop owners	Capital cost share on share of Springville Rd. improvements; portion of \$11M	Source: IBID.
Subtotal	\$69,000,000			
Unspecified (built thru incremental development)	\$18,000,000	Developer Agreements or "half streets"	Capital cost share on 2 major roads; majority cost share on \$18M	Source: IBID.
Total	\$87,000,000			

Source: WA County staff report dated 10/20/2010, Exhibit A "Revised North Bethany Interim Funding Strategy."

Note: the amounts shown in this table may be different than current estimates, after voter passage of the North Bethany CSD.

While the key funding transportation funding programs include a mix of established programs (such as the Transportation Development Tax and the Major Streets Transportation Improvement Program and existing Trust & Agency development agreements), there are new funding programs that were adopted specifically for North Bethany. The new funding programs include a Supplemental Transportation System Development Charge (TSDC) and a North Bethany County Service District (CSD) with a special property tax levy that will help fund planned transportation facilities in the area. The funding analysis summarized above is based on approximately 4,188 dwelling units being constructed over the next 30 years (assumes a 10% under-build factor on 4,653 total planned units).

The equivalent amount of average transportation capital funding per future dwelling unit in North Bethany is summarized in **Exhibit 2**. Note, the non-residential land use elements are expected to account

for about 10% of the total future transportation funding generated in North Bethany.

Exhibit 2

North Bethany Interim Transportation Funding by General Program Type

Funding Program	Capital Funding Expected	Percent of Total	Average Funding per Dwelling Unit
Supplemental TSDC	\$22,467,000	26%	\$5,365
TDT	\$21,779,000	25%	\$5,200
Developer Agreements	\$19,400,000	22%	\$4,632
County (MSTIP)	\$10,000,000	11%	\$2,388
LIDs	\$9,300,000	11%	\$2,221
CSD	\$4,100,000	5%	\$979
Total	\$87,046,000	100%	\$20,785

Source: WA County staff report dated 10/20/2010, Exhibit A "Revised North Bethany Interim Funding Strategy." Assumes 4,188 dwelling units built. Compiled by FCS GROUP.

Other North Bethany Public Facility Funding

The existing system development charges, connection charges, utility rates and tax rates that are levied or assessed by service providers are being used to fund the capital cost of public parks and trails, water, sewer, and stormwater facilities in North Bethany. In addition to addressing funding for public facility needs and services, the North Bethany Subarea Plan also includes an affordable housing program with a voluntary Program Guide aimed at providing up to 838 affordable housing units (18% of the total 4,653 planned housing units).

ANALYSIS OF SIMILAR FUNDING IN RIVER TERRACE

In order to better understand how these funding techniques could be applied to River Terrace, FCS GROUP applied similar rates and charges to the potential level of development that could be expected within River Terrace. The analysis is based on a similar distribution of funding used in North Bethany, and assumes a 10 percent "under-build" factor (consistent with that used in North Bethany). The findings summarized in **Exhibit 3**, generally indicate that 2,330 dwelling units would be expected to generate nearly \$48.4 million in transportation funding (constant 2013 dollars) using the North Bethany funding approach.

Exhibit 3 **North Bethany Interim Transportation Funding Strategy
Applied to River Terrace**

Funding Program	Potential Capital Funding	Percent of Total	Transportation Funding per DU
Supplemental TSDC	\$12,498,000	26%	\$5,365
TDT	\$12,116,000	25%	\$5,200
Developer Agreements	\$10,792,000	22%	\$4,632
LIDs	\$5,174,000	11%	\$2,221
CSD	\$2,281,000	5%	\$979
Subtotal (on-site)	\$42,861,000	89%	\$18,397
County (MSTIP/off-site)	\$5,563,000	11%	\$2,388
Total	\$48,424,000	100%	\$20,785

Source: analysis of Exhibit 2, Assumes 2,330 dwelling units built in River Terrace (10% underbuild allowance). Compiled by FCS GROUP.

Funding for parks, sewer, water and stormwater capital improvements under the “North Bethany funding scenario” would be primarily derived from developer SDCs and connection charges. The potential levels of funding for these public facilities (before SDC credits are provided) are illustrated in **Exhibit 4**.

In addition to the public facilities listed in Exhibit 4, the Tigard-Tualatin School District charges a School District Construction Excise Tax used exclusively for capital improvements. It is currently \$1.11 per square foot for new residential and \$0.55 per square foot for new commercial (not to exceed \$28,400 per building). It is the same for both the Beaverton and the Tigard/Tualatin School Districts. The City receives 4% as an administrative fee.

Exhibit 4

River Terrace Capital Funding Potential (preliminary 2013 dollar estimates)			
Parks			
Existing System Development Charge Revenue	Avg. Charge	Units	Revenue
Fee per Single Family Unit (SFU)	\$5,997	2,018	\$12,100,000
Fee per Multi-Family Unit (MFU)	\$4,793	311	\$1,488,000
Fee per Commercial/Industrial (employee)	\$415	77	\$32,000
Total Parks SDC Revenue			\$13,620,000
Sewer			
Existing Connection Charge (CWS)	Avg. Charge	Units	Revenue
Fee per Equivalent Service Unit (ESU)		2,328	
CWS Share (if applicable)*	\$4,608.82		\$10,730,716
City of Tigard Share	\$191.18		\$445,124
Non-Res. Charge Estimate (@ 2% of total)		-	\$228,160
Total Sewer Revenue			\$11,404,000
Water			
Existing Connection Charge (CWS)	Avg. Charge	Units	Revenue
Fee per Equivalent Service Unit (ESU, 3/4" meter)	\$7,600	2,328	\$17,695,000
Non-Res. Charge Estimate (@ 2% of total)		-	\$361,000
Total Water Revenue			\$18,056,000
Existing Stormwater SDC**			
Surface Water Quality Fee (collected by City)	Avg. Charge	Units	Revenue
Fee Per Residential Dwelling Unit	\$225	2,328	\$524,000
Non-Res. Charge Estimate (@ 2% of total)		-	\$11,000
Total Stormwater SDC Revenue			\$535,000
Potential Regional Stormwater Mgmt. Charge ***			
Potential Regional Stormwater Mgmt. Charge ***	Avg. Charge	Units	Revenue
Avg. Fee per Dwelling Unit	\$1,813.40	2,328	\$4,222,000
Non-Res. Fee Estimate (@2% of total revenue)		-	\$11,000
Potential Stormwater Mgmt. Charge Revenue			\$4,233,000
* CWS sewer connection charge only applies to facilities that require new 12" (or larger) conveyance facilities.			
** assumes on-site mitigation for water quality. This Fee is not being collected in North Bethany but is set by CWS and collected in City of Tigard.			
*** assumes stormwater management charge is structured like the one proposed for North Bethany (with similar rate). Charge shown is weighted avg. based on potential River Terrace dwelling units allowed.			
Compiled by FCS GROUP, based on current City of Tigard 2013 Master Fees & Charges Schedule; and proposed CWS RSMC Methodology Report, 10/3/2013.			

ATTACHMENT A

North Bethany Interim Funding Strategy
10/20/2010

EXHIBIT A: REVISED NORTH BETHANY INTERIM FUNDING STRATEGY

Project Number	Road	From	To	Project	Cost Estimate 8/27/09	ROW Estimate ¹	Total	MSTIP	TDT ²	Supplemental SDC ^{3,7}	Existing T&A ⁴	CSD or LID ^{5,6,7}	Comments
1	Road A	Western Boundary	Joss	Build New Road	\$8,100,000	\$1,200,000	\$9,300,000	no	maybe	yes		yes	
2	Road A	Joss	Kaiser	Build New Road	\$6,900,000	\$1,900,000	\$8,800,000	no	maybe	yes		yes	
3	Springville	185th	Joss	Improve	\$10,500,000	\$600,000	\$11,100,000	yes	yes	yes	\$1,400,000	maybe	
4	Springville	Joss	Kaiser	Improve	\$3,200,000	\$400,000	\$3,600,000	yes	yes	yes		yes	Some Cost Increase for South Side of Roadway Expected
5	Springville	Kaiser	County Line	Improve	\$5,200,000	\$500,000	\$5,700,000						Not included in Total, Built thru incremental development
6	Kaiser	Road A	Springville	Improve	\$6,900,000	\$900,000	\$7,800,000	no	maybe	yes		yes	
7	185th	Springville	West Union	Improve	\$4,300,000	\$200,000	\$4,500,000	yes	yes	yes		maybe	
8	Road A	Kaiser	Springville	Build New Road	\$9,900,000	\$2,400,000	\$12,300,000						Not included in Total, Built thru incremental development
9	Road A	Bridge over Rock Creek		Build Bridge	\$7,000,000	\$300,000	\$7,300,000	no	maybe	yes		yes	final funding package relates to urban or rural reserve designation
10	185th	Intersection Improvement at Springville		Improve	\$900,000	\$0	\$900,000	yes	yes	yes		maybe	
11	Kaiser	Springville	Bethany	Improve	\$5,900,000	\$200,000	\$6,100,000	yes	yes	yes		maybe	
12	Brugger	Joss	Kaiser	Improve	\$3,100,000	\$100,000	\$3,200,000	no	no*	yes		yes	Joss / Brugger intersection traffic calming to be examined
13	Joss	Road A	Arbor Homes	Improve	\$3,800,000	\$300,000	\$4,100,000	no	maybe	yes		yes	
14	P15 (Oats)	Springville	Brugger	Improve	\$1,800,000	\$500,000	\$2,300,000	no	no*	yes		yes	
TOTAL**					\$62,400,000	\$6,600,000	\$69,000,000	\$10,000,000	\$21,778,574	\$22,466,756	\$1,400,000	\$13,354,670	

NOTES:

"yes, no and maybe" describe the appropriateness of spending revenue from this source on a particular project.

* Facilities below collector classification are not eligible for Transportation Development Tax (TDT) project list.

** In 2010 dollars, does not include projects 5 or 8.

1 Cardno/WRG Right-of-Way (ROW) Estimate 4/20/2010.

2 Assumes 75% of 4188 units, "maybe" means project would need to be added to TDT list; column is based on eligibility to spend revenue - credit eligibility determined separately.

3 Based on 4,188 units and \$4,800 / unit average charge = \$6,222 SFR, \$3,810 SFA, and \$4,369 MF (slight increase from 6/1/2010 in all rates to keep same average - due to change in mix of dwelling types assumed).

4 Only counting existing Trust and Agency (T&A), assumes: \$1,000,000 from Arbor, \$340,000 Saint Jua Diego Catholic Church and \$60,000 Tualatin Hills Park and Recreation District.

5 "maybe" means project is off-site.

6 Per May 21st K&R Memo, \$1 per \$1,000 assessed value generates \$18,500,000 over 25 years.

7 Parties will work in good faith to develop the details of a System Development Charge (SDC), and County Service District (CDS) and/or a Local Improvement District (LID) that is equitable and reasonable.

8 Individual project costs may vary slightly as more engineering is completed, however total of all projects is not expected to change significantly.

Under this scenario Portland Community College to pay both TDT and proportional Supplemental System Development Charge (SDC) based on projected student enrollment (numbers assume 2,582 new students).

Discussion at June 7, 2010 meeting included possibility of some revenue being used for preliminary engineering (PE) and/or alignment analysis of Road A and Kaiser Road.

Update: 7/26 confirmed non-residential land use, and removed K-8 school from TDT and Supplemental SDC calculations as school is already constructed.

Update: 10/20 adjusted TDT to reflect 90% of maximum residential density rather than 100%.